

New Tourism Development program for Greece

Irene Ralli

10/26/2000

The U.S. Commercial Service in Athens has identified a variety of new opportunities for U.S. firms to participate as consultants, investors/partners, subcontractors and product/equipment suppliers in a multibillion development program announced by the Ministry of Development for the period 2001-2006.

Greeks demonstrate keen interest and are very receptive to U.S.-made products and services, regarding the United States as the world's leader in technology. U.S. tourism infrastructure equipment, products, know-how and services are known in Greece for outstanding quality and they enjoy an excellent reputation. An important part of many successful marketing strategies is collaborating with an effective Greek partner. American tourists are regarded as high spenders while visiting Greece, so new ideas for tourism development coming from the U.S. are welcome.

The Development program's targets for tourism are to invest in quality modernization of tourism facilities and enterprises, to develop theme tourism, such as cultural tourism, to promote the country's traditional elements and to strengthen the competitiveness in small and medium sized enterprises. The program also includes the construction of new marinas, conference centers and sea therapy centers

This program will be funded directly/indirectly through:

I. The Third Community Support Framework

II. The Hellenic Tourism Properties, ETA. ETA is the new real estate subsidiary of the Hellenic Tourism Organization (EOT).

III. The Greek Development Law 2601/98

Infrastructure development is given a significant share to fund projects related to the Athens Olympic Games in 2004. An additional amount of about USD 24 Billion will be contributed to Greece by the Third Community Support Framework before 2004 for support of the Athens 2004 Olympic Games.

I. THIRD COMMUNITY SUPPORT FRAMEWORK

On October 12, 2000, the Minister of Development, Mr. Nikos Christodoulakis announced a USD 1.5 billion new development program for the Greek tourism industry for the period 2001-2006 that was secured by the Third Community Support Framework. In presenting the priorities of this 6-year strategic plan, the Minister emphasized the need for speeding up the procedures of the modernization and quality improvement of Greek Tourism.

The five primary objectives of this program are:

§ The refurbishment of 165,000 hotel beds at Greek hotels and the support of 12,500 medium-sized tourism enterprises.

§ The enrichment of tourism services with the introduction and development of new, alternative forms of tourism.

§ The achievement of a 12-month active tourist period in Greece.

§ The strengthening of promotional activities of the Greek tourism abroad.

§ The reformation of educational and training programs for human resources for the tourist industry. The analysis of the program follows below:

(Figures in Million U.S. Dollars)

A. Operational Program "Competitiveness"

1. Network for the Support of Medium-sized tourism enterprises	18.3
2. Refurbishment/Upgrading of Hotel Accommodation - Support of Medium-sized Tourism Firms	319.10
3. Special Tourism Infrastructure	90.90
4. Alternative Tourism	29.60
5. Marinas	12.10
6. Promotion of Greek Tourism	8.30
7. Development of Tourism during the winter period	1.10
8. Human Resources Training	38.70
9. Technical Support	6.10
10. Others - Awards' incentives to tourism enterprises	0.40

Total **524.60**

B. Peripheral Operational Programs	805.00
C. Various Operational Programs-EU Initiatives	45.30
D. EU Interreg III Program	125.10

Grand Total **1.500.00**

II. HELLENIC TOURISM PROPERTIES (ETA)

The newly formed state-owned company, Hellenic Tourism Properties (ETA), has been accorded control by the properties of EOT (Greek National Tourism Organization), worth USD 6.8 billion. With the assistance of EOT's Japanese financial consultant, Fuji Bank, and with in conjunction with private companies, ETA aspires to achieve the efficient use of its huge assets and to develop and offer new products in the tourism sector within the next few years. On October 12, 2000, Minister of Development, Nikos Christodoulakis and the Managing Director of ETA, Mr. Anastasios Homenidis, announced a USD 756 Million investment project that will be carried out in 2000-2004 and is expected to create 6,500 jobs. The overall project entails the following major infrastructure projects:

§ The upgrading of existing marinas in the Greater Athens area, with an emphasis on the Flisvos, Alimos,

Zeas, and Vouliagmeni marinas, in order to meet European standards. The investment is estimated at

USD 38 Million. According to ETA's officials, the existing capacity of docking berths in the Greater Athens area is 2,300 while there is need for another 1,200.

§ A theme park in Anavyssos, east of Athens. Estimated investment is USD 88 Billion.

§ A technological park in Voula (southern suburb of Athens), which will consist of an aquarium with

Mediterranean fauna and a marine research center as well as a water amusement park.

Estimated

investment is USD 38 Million.

§ Beach and coastal improvement, with the eradication of the current illegal construction on the beachfronts. Estimated investment is USD 12.6 Million.

§ The improvement of spas at Edipsos on the island of Evia, Kaiafa in Peloponnesse and Nigrita in Northern

Greece. Estimated investment is USD 76 Million.

§ Modernization and development of the Casino and Hotel at Mount Parnassos. Estimated investment is

USD 1.8 Million.

§ The development of tourism facilities in regions such as Attica, Crete, Thrace, Rhodes, Peloponnesse,

Halkidiki, Komotini, Parnassos and Pieria, including improvements in camping grounds in northern

Greece in order to attract tourists from Eastern Europe. Estimated investment is USD 504 Million.

ETA will award concession contracts and engage in leasing and selling properties, and offering mixed investment schemes.

III. GREEK DEVELOPMENT LAW 2601/98

This law determines the amount of government support provided to tourism investments. The private projects that are considered "touristic" and are eligible for subsidies are hotels and resorts, including new hotels, upgrades and conversion of existing buildings), marinas, conference centers, golf courses, spas, thalassotherapy centers, health tourism centers, ski centers, and athletic training complexes.

CHANGES IN THE GREEK NATIONAL TOURISM ORGANIZATION (EOT)

The new development program for Greek tourism coincides with the radical structural changes that are planned by the Ministry of Development in EOT. These basic changes include the formation of a Tourism Secretariat under the Ministry of Development. The new Tourism Secretary will replace the existing position of the Secretary General. Initial plans call for the new Tourism

Secretariat to control all regional Tourism Offices and the country's casinos, as well as to implement the government's tourism plans.

Only two current directorates, that of development and marketing, will survive the restructuring. The aim of the development directorate will be to analyze and record the general performance of Greek tourism. In addition, it will counsel investors and lay out guidelines for new investment projects. The marketing directorate's major task will be to implement the government's tourism promotion campaigns both in Greece and abroad. Furthermore, the national government will no longer issue tourist enterprise permits for their legal operation. Instead, the task will be turned over to the equivalent of county authorities. A presidential decree to legalize all of the above plans is expected in the next few months.

GREECE'S EXISTING TOURISM INFRASTRUCTURE

Greece's popularity as a holiday destination has long been based on the country's natural beauty and geographical position. The abundance of historic sites acts as a wonderful backdrop to the tourist who may not be visiting the sites as a top priority. Greece has a climate that includes the four seasons of the year, each with a distinct beauty but with a considerable variation in weather conditions. This variation makes the country pleasant to live in, but it also restricts the summer period to three or four months. This is important because the majority of Greece's tourist investments have been built for the summer months having in mind that the investment was to be recovered during this three or four months of operation each year. Key elements of Greece's tourism infrastructure were built decades ago under a heavy "cut-cost" concept. Now, Greece has many opportunities for expansion, modernization, redesigning and in some cases rebuilding many incomplete and inadequate facilities which serve the tourism industry such as: domestic airports, ports, marinas, bus terminals, hotels, resorts, etc. There are, of course, other needs as well, such as the improvement of country's general infrastructure. With the new development program and the Athens 2004 Olympic Games approaching, there is a lot of optimism and anticipation in the Greek tourism industry that these challenges will be met successfully.

For a better understanding of the importance of the new tourism development program, below is a summary of the existing tourism infrastructure in Greece:

HOTELS: There are currently 7,500 major hotels with 573,500 beds and more than 30,000 other units such as rental rooms, apartments or villas with 415,916 beds.

SPECIAL TOURISM INFRASTRUCTURE

16 Ski Centers with 732 Ski Center Runs;
62 Mountain Shelters with capacity for 2,300 persons

3 Thalassotherapy Centers;
17 Spas with capacity for 100,000 persons;
1 New Spa under construction.

15 Marinas with capacity of 6,300 berths (while there is a need for 15,000 berths;
20 Marinas under construction with capacity of 4,634 berths (government projects);
13 Marinas under construction with capacity of 1,176 berths (private projects).

86 Museums that receive 2,500,000 visitors each year;
64 Archaeological Sites that receive 5,200,000 visitors each year;

600 traditional settlements;
10,000 Monuments.

13 Independent Conference Centers with capacity for 1,200 persons each;
2 Independent Conference Centers under development;
51 Conference Centers within hotels;
11 Conference Centers within hotels are under construction.

5 Golf Courses that meet international standards;
6 Water Parks.

For more information regarding the above tourism development projects, U.S. companies should contact:

Ms. Irene Ralli, Commercial Specialist
U.S. Commercial Service
American Embassy
91 Vas. Sophias Avenue
GR-101 60 Athens, Greece
Tel: 30/1/720-2224, Fax: 30/1/721-8660

IMI Customer Satisfaction Survey

U.S. Department of Commerce
International Trade Administration
The Commercial Service

The U.S. Department of Commerce would appreciate input from U.S. businesses that have used this CCG report in conducting export market research. Please review the privacy statement / disclaimers at the bottom of this Web site. Please take a few moments to complete the attached survey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: Internet[Opfer@doc.gov].

* * * About Our Service * * *

1. Country covered by report: _____

Industry/title: _____

Commerce domestic office that assisted you (if applicable):

2. How did you find out about the IMI service?

- ☐ Direct mail
- ☐ Recommended by another firm
- ☐ Recommended by Commerce staff
- ☐ Trade/state/private newsletter
- ☐ Department of Commerce newsletter
- ☐ Other (specify): _____

3. Please indicate the extent to which your objectives were

satisfied:

1-Very satisfied

2-Satisfied

3-Neither satisfied nor dissatisfied

4-Dissatisfied

5-Very dissatisfied

6-Not applicable

☐ Overall objectives

☐ Accuracy of information

☐ Completeness of information

☐ Clarity of information

☐ Relevance of information

☐ Follow-up by Commerce representative

4. In your opinion, did using the IMI service facilitate any of the following?

☐ Decided to enter or increase presence in market

☐ Developed an export marketing plan

☐ Added to knowledge of country/industry

☐ Corroborated market data from other sources

☐ Decided to bypass or reduce presence in market

☐ Other (specify): _____

5. How likely would you be to use the IMI service again?

☐ Definitely would

☐ Probably would

☐ Unsure

☐ Probably would not

☐ Definitely would not

6. Comments:

* * * About Your Firm * * *

1. Number of employees: ☐ 1-99 ☐ 100-249 ☐ 250-499
☐ 500-999 ☐ 1,000+

2. Location (abbreviation of your state only): _____

3. Business activity (check one):

☐ Manufacturing

☐ Service

☐ Agent, broker, manufacturer's representative

☐ Export management or trading company

☐ Other (specify): _____

4. Value of export shipments over the past 12 months:

- ☐ Less than \$10K
- ☐ \$11K-\$100K
- ☐ \$101K-\$500K
- ☐ \$501K-\$999K
- ☐ \$1M-\$5M
- ☐ More than \$5M

May we call you about your experience with the IMI service?

Contact name: _____

Phone: _____

Fax number: _____

Email: _____

Thank you--we value your input!

This report is authorized by law (15 U.S.C. 1512 et seq., 15 U.S.C. 171 et seq.). While you are not required to respond, your cooperation is needed to make the results of this evaluation comprehensive, accurate, and timely. Public reporting burden for this collection of information is estimated to average ten minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Reports Clearance Officer, International Trade Administration, Rm. 4001, U.S. Dept. of Commerce, Washington, D.C. 20230, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0625-0217), Washington, D.C. 20503.

FORM ITA 4130P-I (rev. 5/95)
OMB. No. 0625-0217; Expires 05/31/02

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2000. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.